

President's Global Development Council
Progress to Date and the Way Forward
October 2016

Context

This report by the Global Development Council considers the current context for development efforts, reviews the progress to date made toward its previous recommendations, offers policies that it hopes can be adopted during the remainder of the current administration, and spells out some suggestions for the way forward on development under the new administration that will take office in January 2017.

The need to adapt the framework of U.S. development assistance to a new and rapidly evolving global reality is now widely recognized. We are confronted by a myriad of complex challenges including rapid urbanization; tens of millions of refugees and displaced persons; climate change; youth unemployment; the spread of infectious disease; water and food insecurity; and the still unfinished work of ending the specter of extreme poverty. In addition, the failure to more effectively prevent or end a series of serious conflicts around the globe continues to result in enormous human suffering and drain resources and potential from the shared development challenge.

Encouragingly, we also know more than ever about what makes development work. The improved use of data, a focus on outcomes, greater local ownership of programs and mobilization of domestic resources, broader partnerships, transformational technological innovations, attention to gender equality and women's empowerment, and an increasing emphasis on the importance of effective and responsive institutions are all stretching aid dollars further and making their impact both more considerable and durable. In that light, we commend President Barack Obama for his repeated commitment to end extreme poverty within a generation, recognizing that this is an investment in our own future prosperity as well.

Considerable development reforms have been advanced during the administrations of Presidents Obama and George W. Bush, and we have already seen a significant evolution in the way the United States thinks about its development assistance work. Across the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), and the Overseas Private Investment Corporation (OPIC) we have seen approaches that are much more data-driven, innovative, and open to partnership.

The financial context of global development is also evolving. Private financial flows and transfers from other developing countries now dwarf Official Development Assistance from traditional Organisation for Economic Co-operation and Development OECD donors. More importantly, so do the budgets of developing countries, with resources drawn more from their own wealth and their own taxpayers. Development ultimately hinges on the actions and accountability of developing countries themselves and, with globalization and greater inter-connectedness, both donors and recipients need to be transparent and accountable.

More and more partners have come to the table: global civil society, the private sector, non-governmental organizations, philanthropic foundations, universities, think tanks, innovators, trade associations, and others. The vibrant and diverse constellation of actors now engaged in development is genuinely powerful, but also places a premium on effective coordination, collaboration, complementarity, and communication.

The United States remains a crucial player in the development efforts of poorer countries, and for its efforts to be fully effective on this new landscape, it will need to move well beyond traditional definitions of ‘aid,’ to also incorporate the interlocking elements of diplomacy, tax and investment policy, information, innovation, risk mitigation, behavioral science, and sound approaches to security. Moreover, it must be recognized that U.S. trade policies, agricultural subsidies, tax laws, and patterns of energy use likely will often have as determinant an impact on global development as U.S. development policies or institutions.

To adapt to this changing field, the U.S. government continually must evolve to work differently, more flexibly, more transparently, and in concert with an ever wider array of partners than ever before to reach traditionally marginalized populations. Indeed, the Obama administration has made “doing business differently” and leveraging non-traditional partners a hallmark of its development approach—and its successor must continue to evolve. It must be more willing to experiment, learn from experience, adapt and share these lessons with others. It is worth noting that the potential of learning from data and experience extends well beyond international development, and in September 2015 President Obama signed an executive order that directed Federal Agencies to use behavioral science insights to better serve the American people.

With the current administration in the final year of its tenure and a successor soon to be determined by the American electorate, it is an opportune time to take stock of implementation to date of previous Global Development Council recommendations and to offer practical suggestions moving forward.

Implementation to Date

Encouraged by the President and his administration, the GDC has adopted an ambitious and action-oriented approach and has made a number of ambitious recommendations for development policy in reports to the President. This section summarizes them and reviews the progress to date. Taken as a whole, there has been a wide range of progress across an important number of issue areas. The key recommendations include:

Galvanize the Private Sector for Development

Establish a U.S. Development Finance Bank that pulls the following strands together into a far more coherent whole: OPIC; the U.S. Trade and Development Agency’s (TDA’s) feasibility studies and technical assistance programs; USAID’s private-sector units that deal with business climate and other business promotion-related issues; USAID’s Development Credit Authority; USAID’s enterprise funds; and, relevant international technical assistance programs within the Small Business Administration and Treasury Department (Office of Technical Assistance).

CURRENT STATUS: The notion of establishing a U.S. Development Finance Bank enjoys solid bipartisan support in many quarters of the U.S. development community, but this recommendation has yet to come to fruition. It remains a promising area for the next administration to move forward on.

Strengthen OPIC. The White House should push for OPIC’s permanent reauthorization, increase OPIC’s administrative budget to support the hiring of additional staff, expand OPIC’s authority to include the potential for equity investments, and encourage OPIC to facilitate and support the participation of local

companies investing in critical development projects in low-income countries where few American companies invest.

CURRENT STATUS: The administration has supported multi-year reauthorization for OPIC and an expanded administrative budget, including as recently as in the 2017 budget request. However, Congress has resisted multi-year reauthorization to date, and has not been inclined to significantly expand the administrative budget despite the fact that OPIC would remain self-financing with no cost to the taxpayer. For the current budget cycle, the House Appropriations Committee has continued OPIC’s administrative funding at a flat level. However, the Senate Appropriations Committee has approved an increase of more than 22 percent to \$77 million.

Embrace Social Impact Investing

CURRENT STATUS: While there appears to be growing support among the development agencies for social impact investing as a concept, progress in adapting it as a tool remains limited to date, in part due to a narrow range of grant-based financing tools among most agencies that excludes equity investments and loans. However, MCC has been exploring the potential for a Social Impact Bond in Morocco to catalyze a market for improved employment outcomes in support of unemployed women and at-risk urban youth. USAID is also continuing to grow its Development Innovation Ventures (DIV) program, a venture-inspired tiered, evidence-based funding program while contributing to the Global Innovation Fund (GIF), a private fund modeled after DIV and supported by multiple donors. While OPIC lacks the broad and fully funded authority to make equity investments, the agency was able to launch impact investing initiatives such as “Green Bond” certification for its loan guarantees and place them with eligible U.S. investors in the domestic debt markets starting in 2014. OPIC also launched its Portfolio for Impact, which supports small-scale, early-stage, high impact investments that regularly garner co-investment from foundations.

Establish a One-Stop Shop that allows the private sector to more easily explore and interface with all the parts of the government engaged in development finance – including OPIC, USAID, the MCC, and TDA – and to get answers back in real time.

CURRENT STATUS: The administration has not yet acted upon this recommendation.

Take Advantage of Emerging Finance Tools such as social impact funds and ‘blended capital’ models – where small amounts of public finance can galvanize much larger private investments on appropriate terms.

CURRENT STATUS: Evidence points to wider use of these tools across several agencies, including in trying to do more with local private sectors. USAID established a new Office of Private Capital and Microenterprise in 2015 to mobilize more extensive sources of private capital to supplement limited donor funds and increase the resources applied toward development goals. And in its recent five-year strategic plan, the MCC committed itself to more regularly and systematically deploy innovative financing tools that tightly link funding to outcomes for the public and private sectors. To date, OPIC, in partnership with the U.S. Department of State, has designed two blended finance initiatives – the U.S.-Africa Clean Energy Finance Initiative and the Clean Energy Finance Facility for the Caribbean and Central America – and is considering a third in India.

Establish an Office of Global Development Partnerships and designate a partnership liaison officer in all major posts, with liaisons receiving training and consistent legal guidance to help facilitate public-private partnerships.

CURRENT STATUS: The administration has enthusiastically embraced a broad range of global development partnerships, including at the Third International Conference on Financing for Development in Addis Ababa and in its efforts to implement the Sustainable Development Goals. USAID alone had more than 360 active public-private partnerships during 2015, and virtually all USAID missions have established a liaison for partnership inquiries. Thirty-three agency operating units have at least one partnerships specialist on staff. USAID's Global Development Lab has also established a Global Partnerships team that coordinates an agency-wide network of partnerships practitioners in Washington and the field, and provides training and guidance to assist missions in engaging the private sector.

Promote Sustainable Growth

Appoint a Climate Smart Development and Resilience Advisor to assist in improving, elevating, and integrating with a gender lens two signature administration initiatives: Feed the Future and the Climate Action Plan.

CURRENT STATUS: USAID has prioritized integration of climate smart development and resilience, including a gender lens, through the appointment of a Global Climate Change Coordinator who is responsible for leading integration of USAID's Climate Change activities with resilience and development, and the establishment of a Resilience Leadership Council (RLC) and a Center for Resilience and Resilience Coordinator to support broader resilience efforts in relation to Feed the Future, climate change, and ending extreme poverty. USAID and the interagency food security working group have also elevated resilience and climate-smart agriculture in the forthcoming Global Food Security Strategy that is required by the recently passed Global Food Security Act and due to Congress by October 1, 2016.

Expand Feed the Future into at least three additional countries that are food insecure and experiencing high rates of deforestation while targeting 50 percent participation by women growers, harvesters, and processors in its programs.

CURRENT STATUS: While Feed the Future has not yet expanded into three additional countries, USAID and the interagency food security working group are developing a new Global Food Security strategy, including country selection criteria that will inform any future country selection. Feed the Future has placed considerable emphasis on the importance of women in its programming and has applied gender sensitive techniques to its work, though to date it has not included any benchmark for female participation in programs. Additionally, the Global Food Security Act further cements the considerable commitment to improve global food security.

Partner to Reduce Food Waste and Loss.

CURRENT STATUS: Met. In 2015, the U.S. Department of Agriculture and the Environmental Protection Agency announced the first official national goal for decreasing food waste across the country. Launched in partnership with state and local governments, private sector companies, and charitable organizations, the goal aims at reducing food waste by 50 percent by 2030.

Restore Degraded Lands by bolstering U.S. involvement in the Global Partnership on Forest and Landscape Restoration as a means to expand agricultural production without clearing forested areas or degrading other critical natural resource lands and waters, and issuing an Executive Order directing U.S. government agencies to adopt deforestation-free procurement procedures by 2020.

CURRENT STATUS: The President's Climate Action Plan (June 2013 and updates) recognizes the detrimental contribution of deforestation to the buildup of carbon dioxide in the atmosphere. The U.S. government has actively supported a partnership among other governments, civil society organizations, and private companies that belong to the Consumer Goods Forum to create the International Tropical Forest Alliance, which seeks to end tropical deforestation associated with four commodities – beef, soy, palm oil, and pulp and paper. The United States has also joined with Norway and the United Kingdom to launch the Initiative for Sustainable Forest Landscapes to work with private sector partners to invest in responsible and sustainable land management programs promoting forest protection and climate-resilient agriculture. Though no executive order has been issued, federal agencies have been tasked with planning and preparing for climate change with respect to their missions.

Integrate Sustainability and Growth by making the President's Climate Action Plan and the Feed the Future initiative mutually reinforcing and gender-transformative.

CURRENT STATUS: Resilience and adaptation in light of climate change has informed and guided Feed the Future activities on the ground. USAID, with feedback from across the U.S. government, developed a Climate Smart Agriculture in Feed the Future strategy that is being used to inform new program officer training and program design. The strategy was developed following a public comment process, with a second Global Learning and Evidence Exchange planned for 2016 to further inform the strategy. The Climate Action Plan still has no reference to gender, women, or girls.

Spur Innovation and Focus on Results

Utilize Payment for Results and embrace a bigger push to utilize outcome-based financing as a regular part of operations.

CURRENT STATUS: The U.S. government has certainly increased its use of payment for results since the GDC issued its initial recommendations in that regard, and we are encouraged by these pilot efforts. In Sierra Leone, for example, the MCC's Regulatory Strengthening Project aims to support the government in its efforts to stand up and build the capacity of the newly established independent utility regulator. MCC funds under this activity will only be disbursed if utilities achieve targets on key performance indicators. At MCC and across U.S. agencies, this practice is now better positioned for considerable expansion and effectiveness.

Ensure Evidence before Disbursement and increasingly allocate resources to programs and practices backed by strong evidence of effectiveness, while trimming activities that evidence shows are not effective.

CURRENT STATUS: The development agencies continue to significantly expand the range and quality of their evaluations tools, and to use these evaluation tools to provide programmatic feedback. That said, the link between evidence and disbursement remains limited, in no small part due to the broad patterns of hard and soft sectoral earmarks from Congress which drive particular spending patterns.

Use Innovation, Technology and Data to Make Development More Effective.

CURRENT STATUS: The administration deserves high marks for its willingness to embrace innovation, technology, and data. The quantity and quality of data has significantly increased, and the United States has been a leader in calling for a “data revolution” to support the Sustainable Development Goals. USAID’s Grand Challenges for Development and the DIV program have demonstrated the potential power of innovation, and the MCC has used a number of innovative models in compacts. Likewise, USAID efforts on e-payments, the Better than Cash Alliance, the Digital Impact Alliance (DIAL), and Global Connect are all demonstrating the potential power of technology to improve development outcomes. Significant progress has been made across multiple agencies to make aid data more available; however the pace of onboarding data to U.S. government platforms remains a hindrance to meeting international commitments on aid transparency. IATI has given the U.S. overall a “green” on its scorecard, but it does not embody the entire set of international commitments on aid transparency. Moreover, the establishment of Young African Leaders Initiatives (YALI) innovation centers in several countries in Africa as well as other initiatives, including the Global Entrepreneurship Summit (GES), have encouraged innovation and entrepreneurship, much of it socially oriented.

Bolster the Global Development Lab and the Global Innovation Fund.

CURRENT STATUS: These recommendations have seen some significant progress. The Global Innovation Fund was successfully launched, with USAID support, and enjoys support from other bilateral agencies. It is currently a source of competitive funding for innovation in development. However, the budget of the Lab has not significantly increased.

Make the Global Development Lab Bolder and award grants based on outside peer review in an expert and evidence-based process, building on the experience of USAID’s Development Innovation Ventures.

CURRENT STATUS: The Global Development Lab has worked aggressively to pursue partnerships and develop innovative approaches that can be brought to scale. The Lab does enjoy some flexibility and an ability to tolerate failure in new approaches as a means of learning and to make subsequent progress. Building on the experience of USAID’s Development Innovation Ventures, USAID’s innovation programs have incorporated a peer review process with grant application panels typically made up of technical experts and partners in addition to USAID staff. A new mechanism that allows for co-creation of programs with partners has also seen significant adoption across USAID leading to more innovative, collaborative efforts. The Global

Development Lab, as configured, continues to do solid work, but its level of ambition still remains short of that called for by the earlier Global Development Council report.

Financial Inclusion

We are delighted with the emphasis the Treasury Department has placed on global financial inclusion. Policy leadership and technical assistance from Treasury will continue to be critical drivers to expanding access around the globe. Regulatory guidance to balance security with inclusion will also be critical. USAID's pivot over recent years to supporting innovation- and technology-enabled financial services is an effort to more systematically develop lasting and inclusive economic infrastructure that enables a range of development outcomes. We hope this line of work and early stages of partnership between Treasury and USAID signal a recommitment by USAID to the financial inclusion agenda, and open the door to a more unified financial inclusion agenda across the executive branch.

Work with the G-20 and the World Bank to bring together existing financial inclusion forums to better define the specifics of a global public and private sector plan to achieve universal financial access within the next decade.

CURRENT STATUS: The Treasury Department and USAID are currently collaborating with China on a set of G-20 principles around digital financial services. Moreover, Treasury has launched initiatives aimed at financial inclusion engaging the private sector, foundations and NGOs. USAID and Treasury have also been collaborating on a series of learning events to raise awareness of the economic and development impacts of financial inclusion and to promote integration of existing evidence and data into U.S. government development strategies and assistance programs.

Issue an innovation challenge on financial inclusion – backed by patient risk capital and rigorous research – to support new products, business models, regulatory innovations, and non-traditional mindsets critical to achieving that plan.

CURRENT STATUS: USAID and the Consumer Financial Protection Bureau (CFPB) are developing a RegTech Acceleration Initiative that will bring together fintech entrepreneurs with financial regulators for a market-making and capacity-building opportunity around digital financial services supervision.

Increase development assistance for financial inclusion, better partner with the private sector, and make its assistance more effective by increasing the visibility and coordination of efforts across the U.S. government.

CURRENT STATUS: Treasury's Office of Technical Assistance has hired a senior advisor for financial inclusion, and Secretary Lew held a high-level event on women's access to financial services in March 2016. USAID is expanding its efforts to promote collaboration across the agency and with external partners on a range of issues, including digital financial inclusion, access to finance for women-owned businesses, support for innovative microfinancing, and savings-based approaches that improve financial resilience and mitigate risk. Increasingly, USAID is programming in support of digital payment systems to underpin inclusive financial services sectors, however, resources for enabling environment investments remain scarce.

Collaborative Resource Mobilization

Support Accountable Domestic Resource Mobilization and develop a package of policy and assistance initiatives to support developing country governments and their citizens in improving the transparency, accountability, and governance of resources for development, including domestic resources.

CURRENT STATUS: Initiated. The importance of domestic resource mobilization was a key feature of the 2015 Financing for Development conference in Ethiopia and was a key push by the Obama administration and other major partners in its run-up. The importance of accountable domestic resource mobilization (DRM) is now front and center in development practice, and several agencies are increasing their focus on DRM programs, including USAID, MCC, and Treasury's Office of Technical Assistance. The U.S. President's Emergency Plan for AIDS Relief – is working through USAID to support five countries – Kenya, Tanzania, Zambia, Nigeria, and Vietnam – improve their domestic resource mobilization efforts, with potential to yield substantial return on investment over three years.

Help Combat Illicit Finance and International Tax Evasion and push to have all limited liability corporations and trusts report their beneficiaries and make those beneficiaries responsible for tax liabilities.

CURRENT STATUS: President Obama, together with several African countries at the 2014 U.S.-Africa Leaders' Summit, announced the launch of the Partnership on Illicit Finance to jointly address the movement of proceeds from corruption and other financial crimes. Since that time, the United States has published a national action plan on illicit finance and engaged a number of African countries to develop and publish their own action plans, a key objective of the initiative. The importance of combating illicit finance was also an important part of the discussion at the United Nations Financing for Development conference, which included meetings with several African nations to discuss challenges, explore opportunities for collaboration, and initiate work on these action plans. In addition, the release of the 'Panama Papers' also prompted the administration to issue draft legislation on beneficial ownership and for Treasury to take several important steps, including finalizing customer due diligence rules for financial institutions, and proposing regulations to close a loophole that has allowed foreigners to hide assets behind anonymous entities established in the United States. All of this is welcome progress, yet developed and developing countries still have far to go in effectively addressing international tax evasion.

Better Direct Natural Resource Wealth for Development and support countries in improving the governance of their natural resource wealth along the entire value chain – from extraction to expenditure – while helping stem illicit finance derived from resource wealth.

CURRENT STATUS: There have been no significant new efforts in helping countries improve the governance of their natural resource wealth, especially at a time when commodity prices are low.

Lower transaction costs for remittances and lead the effort to help reduce average remittance costs globally below 5 percent.

CURRENT STATUS: The United States continues to be a leader in efforts to lower remittance transaction costs, with outbound remittances from the United States having the lowest average commission costs of any G-7 nation, considerably below the global average. While progress has been made worldwide since 2009, the effort to bring costs globally below 5 percent has yet to be achieved.

Phase out Fossil Fuel Subsidies.

CURRENT STATUS: While the G-7 has made previous commitments in this area, the United States has pushed the G-20 to do the same, and the Sustainable Development Goals called for an effort to “Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions,” progress in implementing a move away from fossil fuel subsidies has been limited to date.

Focus on Urbanization: Women and Youth

Improve Our Ability to Deal Directly with Cities, push for megacities to be the focus of the 2017 World Bank World Development Report, and conduct an internal review of ways in which development financing and programs should be altered to deal with the new landscape of megacities.

CURRENT STATUS: USAID has actively made dealing directly with cities a central focus in multiple sectors—including food security, climate, water and sanitation, and finance—and has increasingly built urbanization directly into some country strategies. In 2013, USAID issued a policy on Sustainable Service Delivery in an Increasingly Urbanized World, outlining principles for supporting inclusive, pro-poor, and politically, financially, and environmentally sustainable service delivery that underpin the agency’s engagement in the preparations for the upcoming UN Habitat III conference on Housing and Sustainable Urbanization.

Create Jobs and Foster Entrepreneurship for Youth and Women with an initiative on youth and women’s economic empowerment in cities through a Global Challenge fund.

CURRENT STATUS: The administration has launched several initiatives aimed at encouraging entrepreneurship and gender-inclusivity, although it did not do so through a Global Challenge initiative. It has supported entrepreneurship through YALI and GES initiatives among others, including the U.S. Department of State Strategy for Women’s Economic Empowerment and Economic Equality Framework released in June 2016. USAID is also developing an Economic Empowerment and Economic Equality Framework for possible release in the fall of 2016. USAID’s Engendering Utilities Program also seeks to increase the professional participation of women in the energy distribution sector and improve women’s career prospects while enhancing the quality and cost of electricity services.

Address Underlying Legal Barriers to women’s entrepreneurship, including early and forced marriage, lack of access to reproductive health services, discrimination in land tenure rights, and lack of access to financial services and basic infrastructure.

CURRENT STATUS: The administration’s embrace of the Sustainable Development Goals and USAID’s new strategy for ending extreme poverty both make clear that these issues remain as fundamental obstacles to development for millions of women and girls and remain an integral part of U.S. development strategy. The administration has updated the U.S. Strategy to Prevent and Respond to Gender-Based Violence and released a U.S. Global Strategy to Empower Adolescent Girls that includes prevention and response to child, early and forced marriage as a focus. A Women’s Economic Empowerment Strategy is under development.

Host a Presidential Conference on Global Development to help establish a new, bipartisan, more inclusive and forward-looking approach to development among U.S. government agencies, NGOs, civil society, the private sector, multilateral bodies, and philanthropies.

CURRENT STATUS: Met. The administration hosted a major conference on global development July 20, 2016 that was widely viewed as a success, underscoring the importance of development to both this and future administrations.

Humanitarian Assistance

Make a core commitment at the World Humanitarian Summit to protect and empower adolescent girls.

CURRENT STATUS: The United States supported all five World Humanitarian Summit commitments on Catalyzing Action to Achieve Gender Equality through strategic funding, targeted partnerships, public advocacy, and creative diplomacy.

Launch an effective and enduring public-private partnership in the area of humanitarian affairs and refugee relief.

CURRENT STATUS: The administration has launched a private sector Call to Action, Partnership for Refugees, alongside the President’s Leaders’ Summit on Refugees in September 2016. Plans are still in formation for other initiatives, including multilateral efforts, and it remains unclear at this date if an enduring public-private partnership on humanitarian issues will be put in place.

Actions for the Obama Administration

We recognize that, with elections in November and the state of bipartisanship on Capitol Hill, the time is limited for the current administration to take additional steps. Having said that, we believe that a handful of measures may still be pursued that would improve the long-term effectiveness and impact of U.S. development policy.

Issue an Executive Order Providing OPIC with Direct Investment Authority. Direct, or equity, investment authority appears to be well within OPIC’s statutory authority and has been included in OPIC’s budgetary requests a number of times. However, a clear explicit mandate from the President to

use and fund this authority would be a major step forward. OPIC's lack of a broad and funded direct investment authority prevents it from supporting many projects with high development potential, which require both equity and debt capital. This is an especially significant impediment in the poorest countries, where needs are the greatest and project finance is the most challenging. Also, in low-income countries, encourage OPIC to facilitate and support the participation of local companies investing in critical development projects. This proposed Executive Order would be an incremental, yet highly meaningful, step for modernizing U.S. development finance tools at no additional cost to the taxpayer (since OPIC generates returns to the U.S. Treasury) and for building momentum for further reforms over the next few years.

Adopt Deforestation-free Procurement by 2020. More than a dozen countries have already adopted public procurement policies to ensure that timber and wood products purchased are legally and sustainably produced. In May 2016, Norway became the first country to announce an across-the-board commitment to zero deforestation in its public policy. Although the United States is not a major buyer of forest-risk commodities, an announcement of a deforestation-free procurement policy would send an important signal to reform-minded producer countries that their efforts to reduce deforestation will be rewarded in the global marketplace. A U.S. government deforestation-free procurement policy would also be complementary to the commitments to achieve deforestation-free commodity supply chains that have recently been made by many leading U.S. corporations, and would support the objectives of the Tropical Forest Alliance.

Sponsor a Fellows Program on Inclusive Digital Economy. Similar to the American Association for the Advancement of Science (AAAS) Fellows model, the White House should sponsor the best and brightest experts from technology, financial inclusion, and other sectors to work in agencies across the U.S. government with the intent to raise the profile, expand capacity, and better coordinate inter-agency activity and leadership on bringing the best of the digital economy to global financial inclusion efforts.

Issue a Presidential Memorandum on Evidence-based Funding for Global Development Programs. Even within the constraints of congressionally mandated earmarks, this program would help push changes in institutional disbursement processes that determine which types of interventions get funded at what levels within broader program categories. This would also be consistent with the spirit of the Foreign Assistance and Accountability Act of 2016. Such a memorandum would direct the heads of executive departments and agencies to put in place agency procedures and mechanisms to ensure that: resources are allocated to programs and practices backed by methodologically valid evidence of impact, including sex disaggregated data; and that those activities that rigorous evaluations show are not as effective are defunded or redesigned for greater impact. The memorandum should encourage experimentation with new program designs and interventions requiring rigorous evaluations of these new programs and interventions.

Institutionalize USAID's Bureau of Policy, Planning and Learning. The administration revived the Bureau for Policy, Planning and Learning at USAID, and by all accounts, the bureau has led to significant improvements in practice and policy at the agency. Indeed, USAID historically has functioned at its best during the periods when it has had a policy bureau. The policy shop is helping USAID once again to be considered one of the more innovative bilateral development agencies and deepening the agency's commitment to evidence-based policy-making. An executive or department order to institutionalize the policy bureau would cement an important administration reform.

Actions for an Incoming Administration

Recognizing that the beginning of a term for a new administration is often the best time to embrace substantive changes in approach, we encourage consideration of some “big picture ideas” that would help to fundamentally transform the development landscape.

In general, we would strongly encourage the continued modernization of the development policy approach to going well “beyond aid,” building on many of the themes that began in the Bush administration, expanded during the Obama administration, and that we have advocated during our tenure. Not surprisingly, given our work with the current administration, these include:

- Expanding the role and coordination with the private sector;
- Taking advantage of expanded financing mechanisms;
- Harnessing the power of technology, data, and innovation to fund effective outcomes;
- Adopting climate-smart and sustainable approaches to development; and,
- Continuing to improve coordination between U.S. agencies.

Beyond these general themes, some specific ideas include the following:

The Use of (Digital) Cash. There is a growing body of evidence that the appropriate use of cash can be a very effective instrument in a range of foreign assistance programs, ranging from immediate humanitarian relief to conditional cash transfer programs to lift families out of poverty. In many ways, the use of cash – particularly when digital – can be more cost-effective, efficient, and successful than a range of traditional programs, and can give women and girls greater access to information, as well as economic and educational resources. Technology allows widespread use of digital financial transfers effectively targeted to the poor, and individuals who receive digital subsidies are on the first rung of a ladder toward broader financial inclusion. Yet, the United States – despite being the world’s largest bilateral donor – is probably the farthest behind in experimenting with this approach. We encourage the new administration to work closely with Congress to design and scale a series of programs using digital cash that would be closely evaluated for their effectiveness.

Overhauling the Humanitarian System. The World Humanitarian Summit began a vital and overdue conversation about how best to reform the international system for delivering humanitarian assistance. We commend the efforts to deliver more relief through local organizations, to strengthen civilian protection, and to focus more efforts on prevention and early warning. That said, it is clear that reform efforts to date have not addressed major structural obstacles and that much of the architecture of relief remains outdated, over-burdened, and not responsive enough. We encourage the new administration to work with the new UN Secretary General and like-minded member states to begin a series of inter-governmental processes that will lead to real reform of these structures.

Establish a “Forest Foundation Fund.” The idea of the “Forest Foundation Fund” is to establish a very large endowment, the proceeds of which would be allocated to tropical forest countries that succeed in reducing deforestation or undertaking significant projects to reforest or otherwise restore degraded lands. (Such a fund could be set up independently, in conjunction with existing Green Climate Fund activities, or through ongoing efforts of the multilateral development banks.) The FFF would combine the idea of pay-for-performance, a concept that the GDC has endorsed and encouraged the U.S. government to use whenever possible in its aid programs, with an innovative use of public credit to

generate large funding flows without depending on public budgets or development assistance. Funds would be gathered from highly creditworthy countries by one of three ways, depending on the country: tapping investments in retail bank deposits covered by sponsors' deposit-insurance facilities; sponsors could issue government bonds; or countries could allocate funds from large cash reserves. These forms of borrowing in developed countries offer the lowest funding cost in the market, since they effectively "monetize" the sovereign credit of the government. The excess returns over the low cost of borrowing would be allocated to tropical forest countries annually based on their performance in reducing deforestation against an agreed benchmark as measured by the latest satellite monitoring technology. The FFF could provide as much as \$5 billion per year in performance payments, providing a credible (because it is fully funded) and significant incentive for tropical forest countries to counter the large pressures to convert their forest land to alternative commercial uses, such as soy, palm oil, or cattle.

In conclusion, all the members of the Global Development Council have been proud and honored to serve in an advisory capacity for the administration. We salute the President's leadership, his commitment and that of his team, and the hard work done by an incredibly wide array of actors to advance the shared interest in advancing global development.

Advances in development remain a great, inspiring and – unfortunately – too rarely told success story. They have served to help millions upon millions of individuals and families better lift up their lives and futures, as well as improve the prospects for many future generations.